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Real Estate Economists, Appraisers and Counselors

RENTAL VACANCIES EASE

ACCORDING to our latest count of "For Rent" and "Wanted to Rent" ads in newspapers from 50 cities, there has been some easing of rental vacancies. Since October 1959, 19 cities showed an increase in "For Rent" ads, while 31 cities showed decreases. The national total of "For Rent" ads decreased to 23,169 in May from about 25,000 in October of last year.

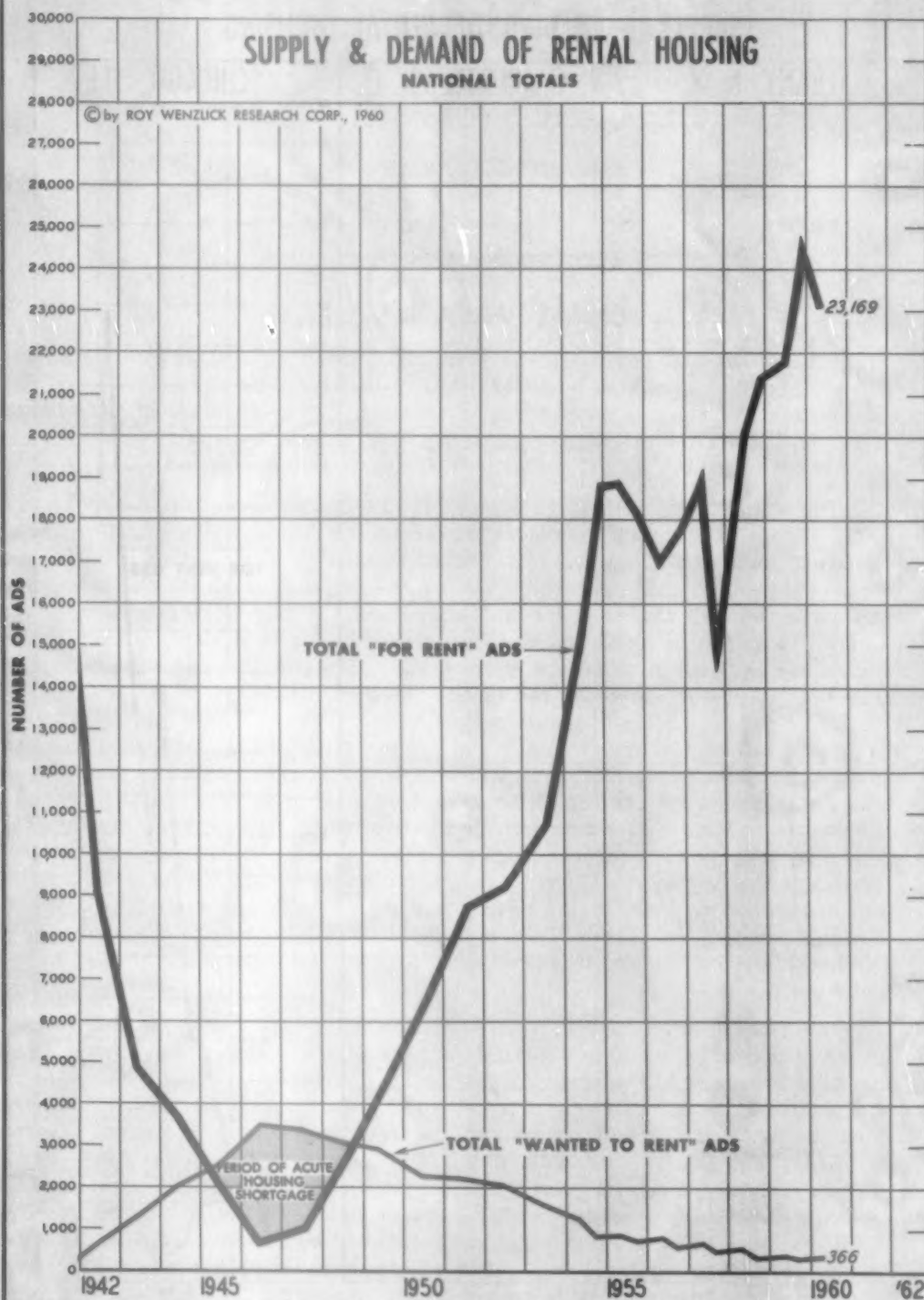
The actual ad counts for each city have been charted on pages 300 through 309. From 1945 to 1953 ad counts for the second Sunday of May each year are charted. Since 1953, however, we have included an additional ad count for the second Sunday of October. There are some exceptions. Monthly ad totals for May and October are used for Milwaukee and Cleveland, ad counts from the second Saturday in April and October are used for Winnipeg, and annual ad totals are used for St. Paul and Minneapolis. The blue line on each chart represents "For Rent" ads; the red line represents "Wanted to Rent" ads.

As a measure of the vacancy and supply situation in the rental housing market, an ad count is far from perfect. It is accurate insofar as direction of change is concerned, but as to the amplitude of change, it is not so accurate. There are several disadvantages. In the first place, not all units that are for rent are advertised in the newspaper. Then there is the constant merging of newspapers. The merger of two newspapers may increase the ad count without any change taking place in the rental market. Finally, no account is taken of the changing number of rental units in the housing inventory. The total supply of rental housing is changing constantly through construction, conversions, and demolition.

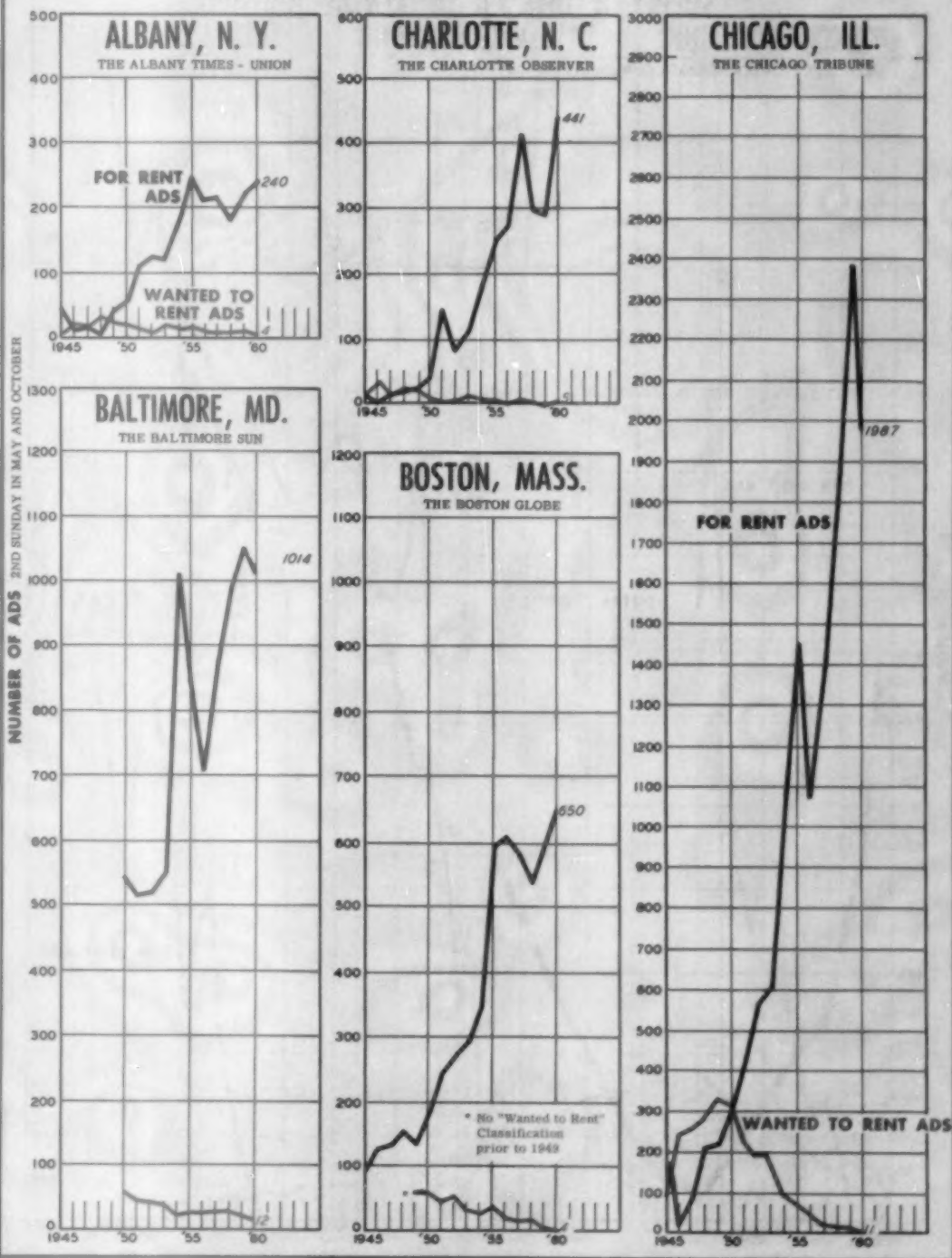
The Bureau of the Census recently published vacancy rates on the percent of rental units vacant and available for rent inside metropolitan areas. The vacancy rate was 5.3 percent for the fourth quarter of 1959, and 6.1 percent for the first quarter of 1960. The Federal Housing Administration publishes a vacancy rate for each of its districts for rental units with mortgages insured by FHA. The United States total was 4.8 percent as of March 15, 1960. This was an increase of .9 of a point from March 15, 1959. While the total number of "For Rent" ads declined from 24,868 in October 1959 to 23,169 in May 1960, the May ad count is still higher than that of May 1959 -- 21,884. Piecing the whole picture together, we find that vacancies are higher this spring than they were last spring, that they were higher during the first quarter this year than last spring, but that the situation has eased somewhat from the first quarter of 1960.

SUPPLY & DEMAND OF RENTAL HOUSING NATIONAL TOTALS

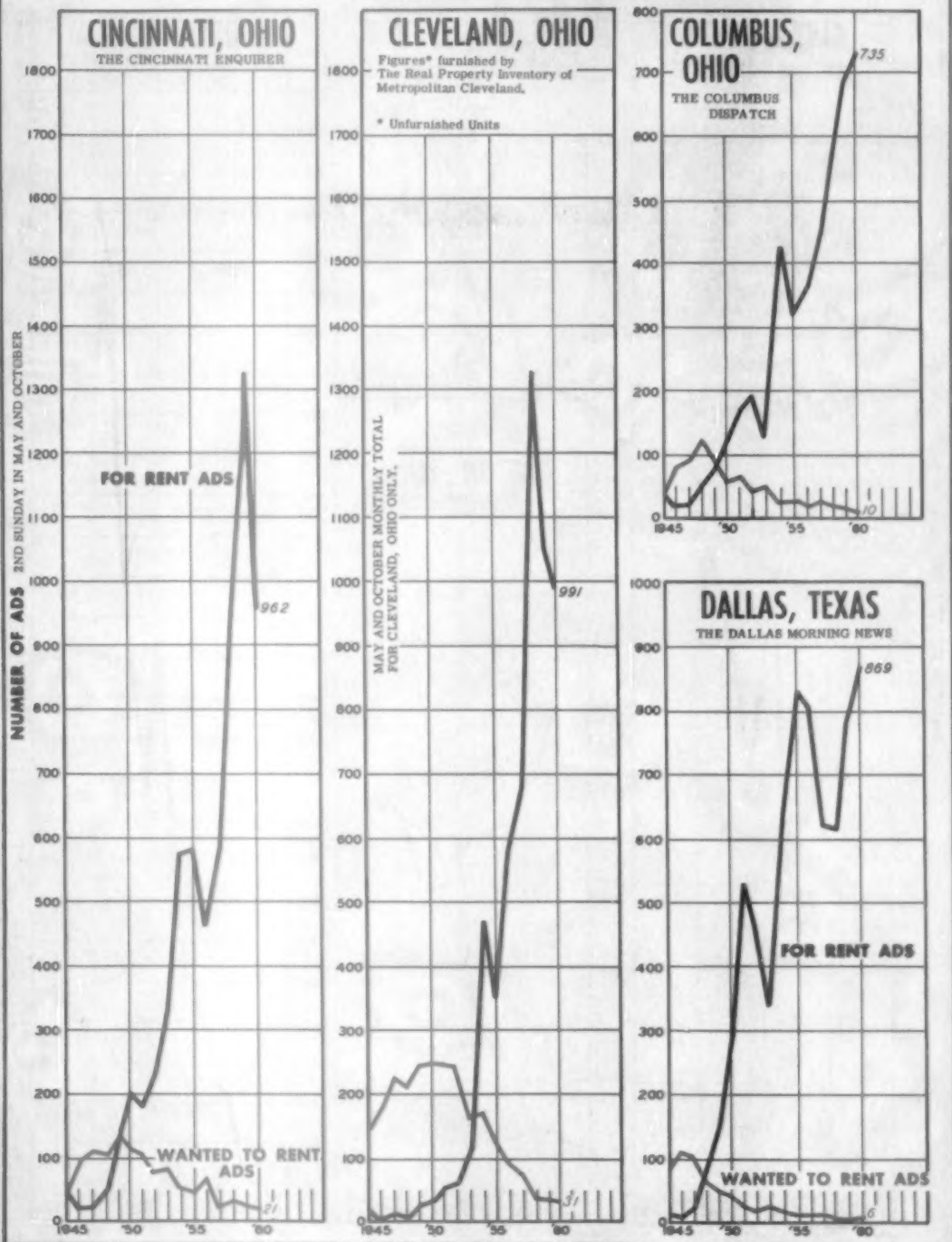
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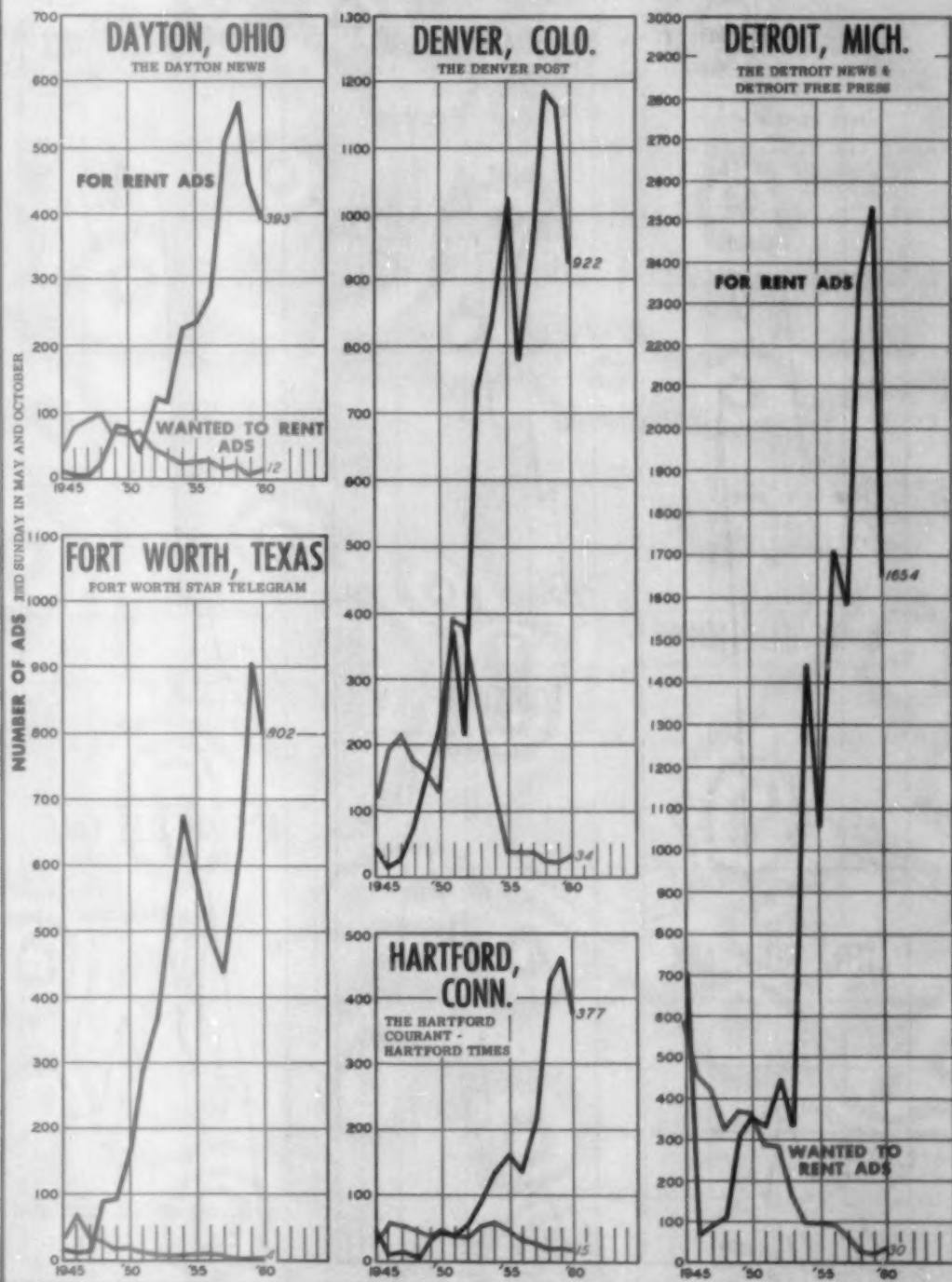
SUPPLY & DEMAND OF RENTAL HOUSING



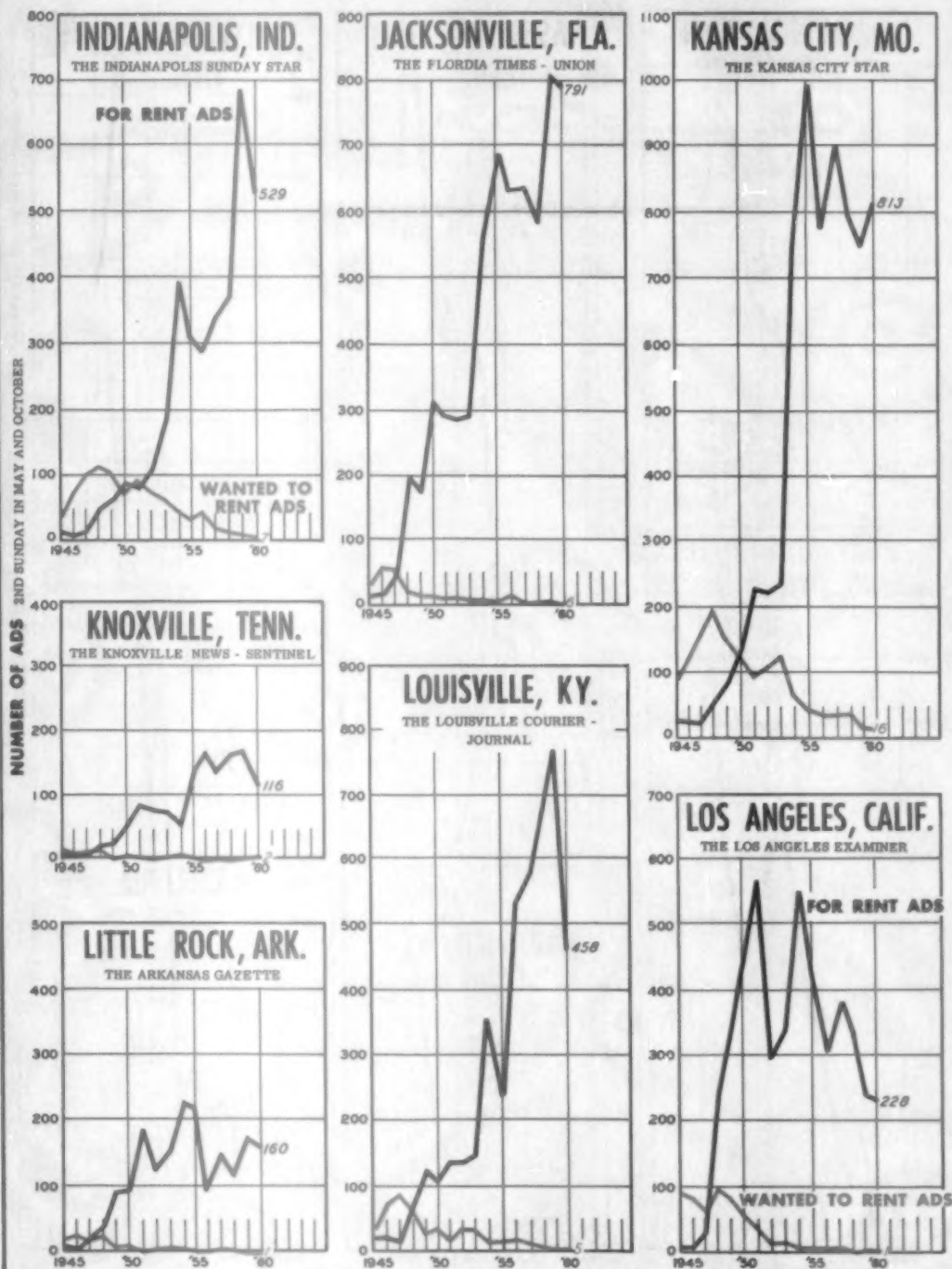
SUPPLY & DEMAND OF RENTAL HOUSING



SUPPLY & DEMAND OF RENTAL HOUSING

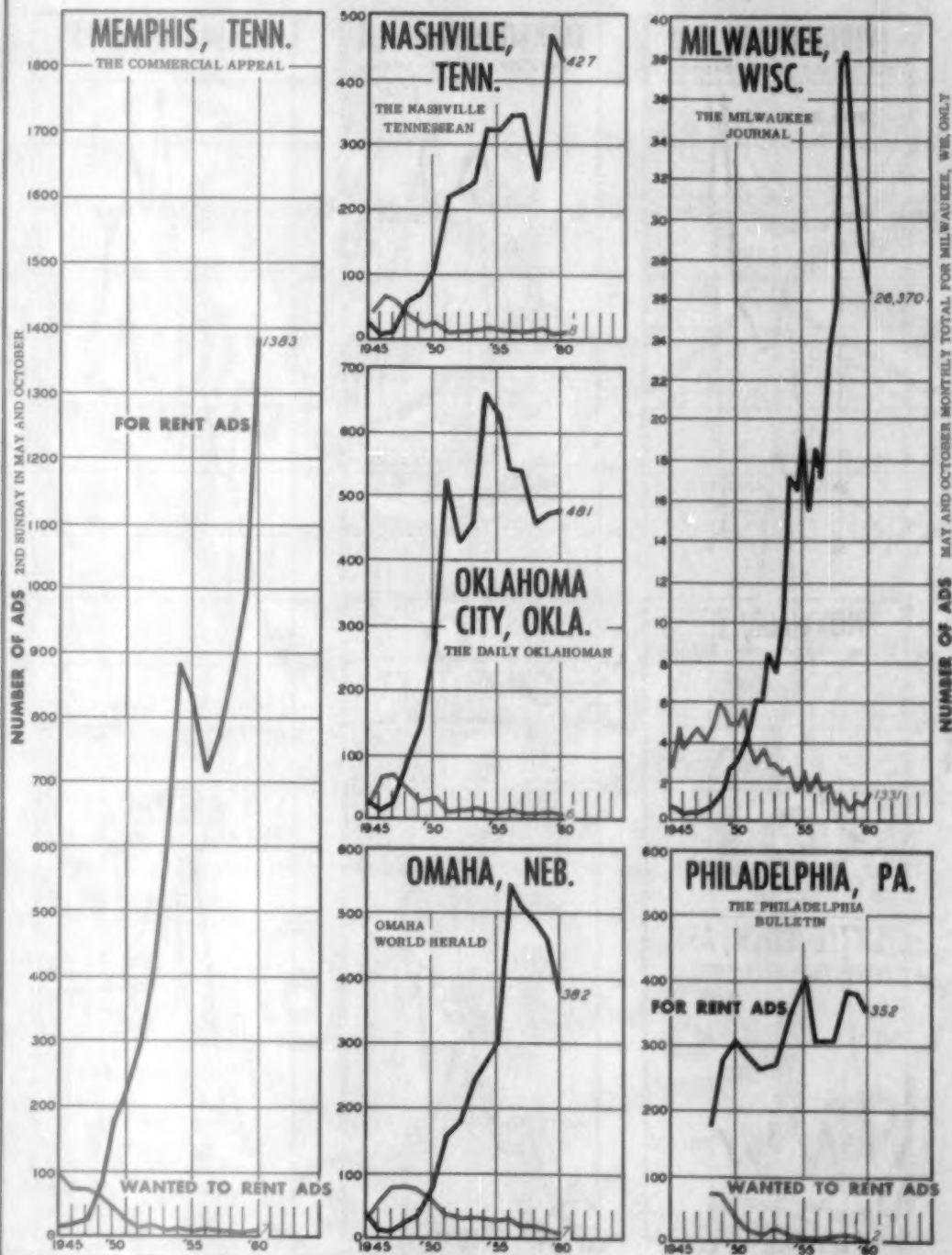


SUPPLY & DEMAND OF RENTAL HOUSING

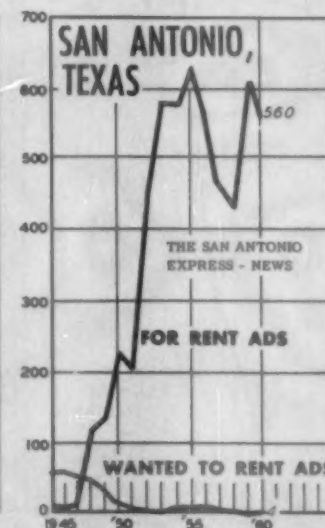
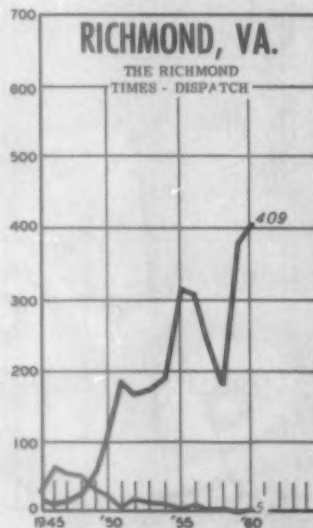
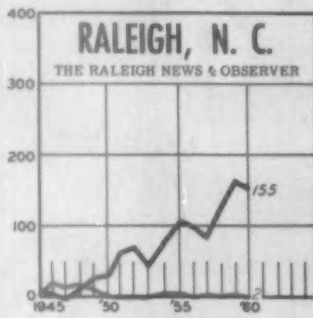
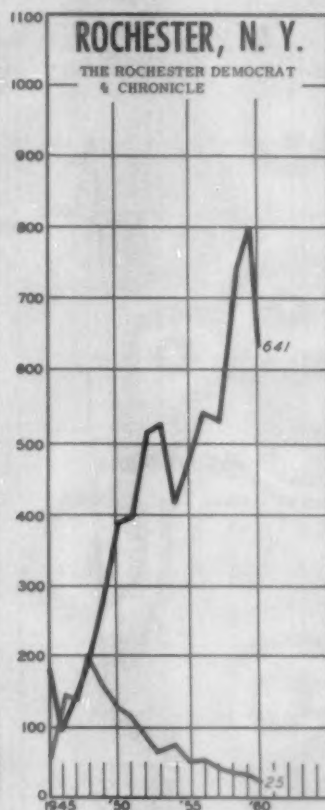
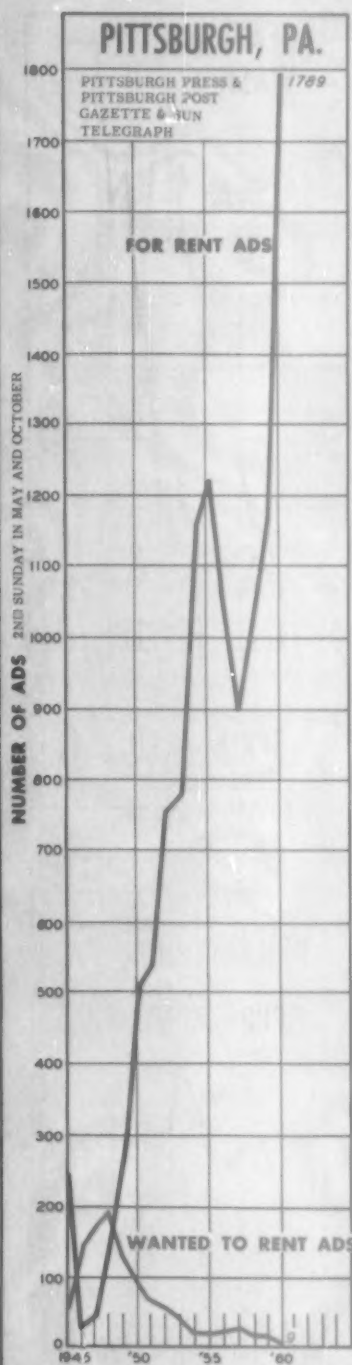


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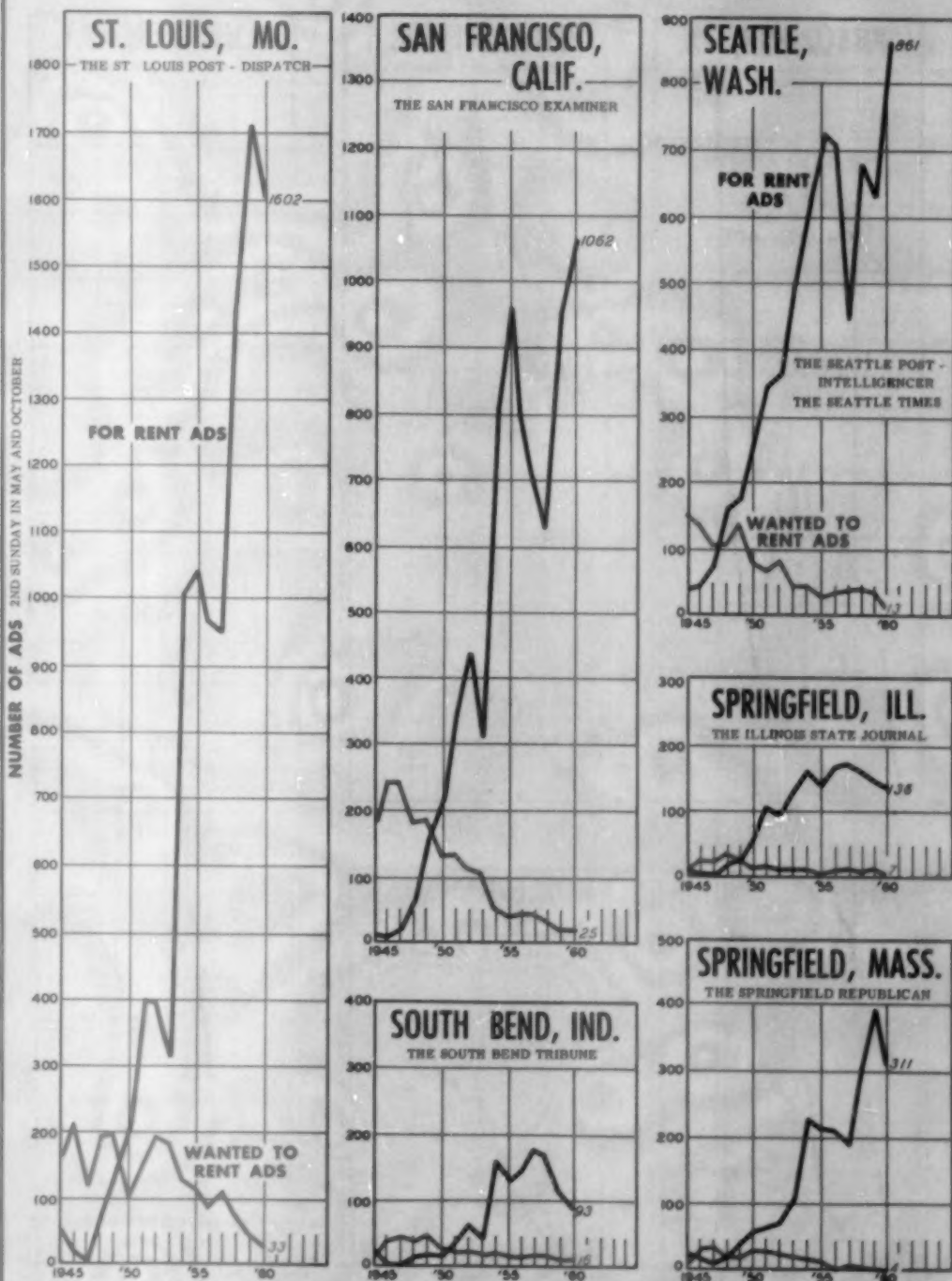
SUPPLY & DEMAND OF RENTAL HOUSING



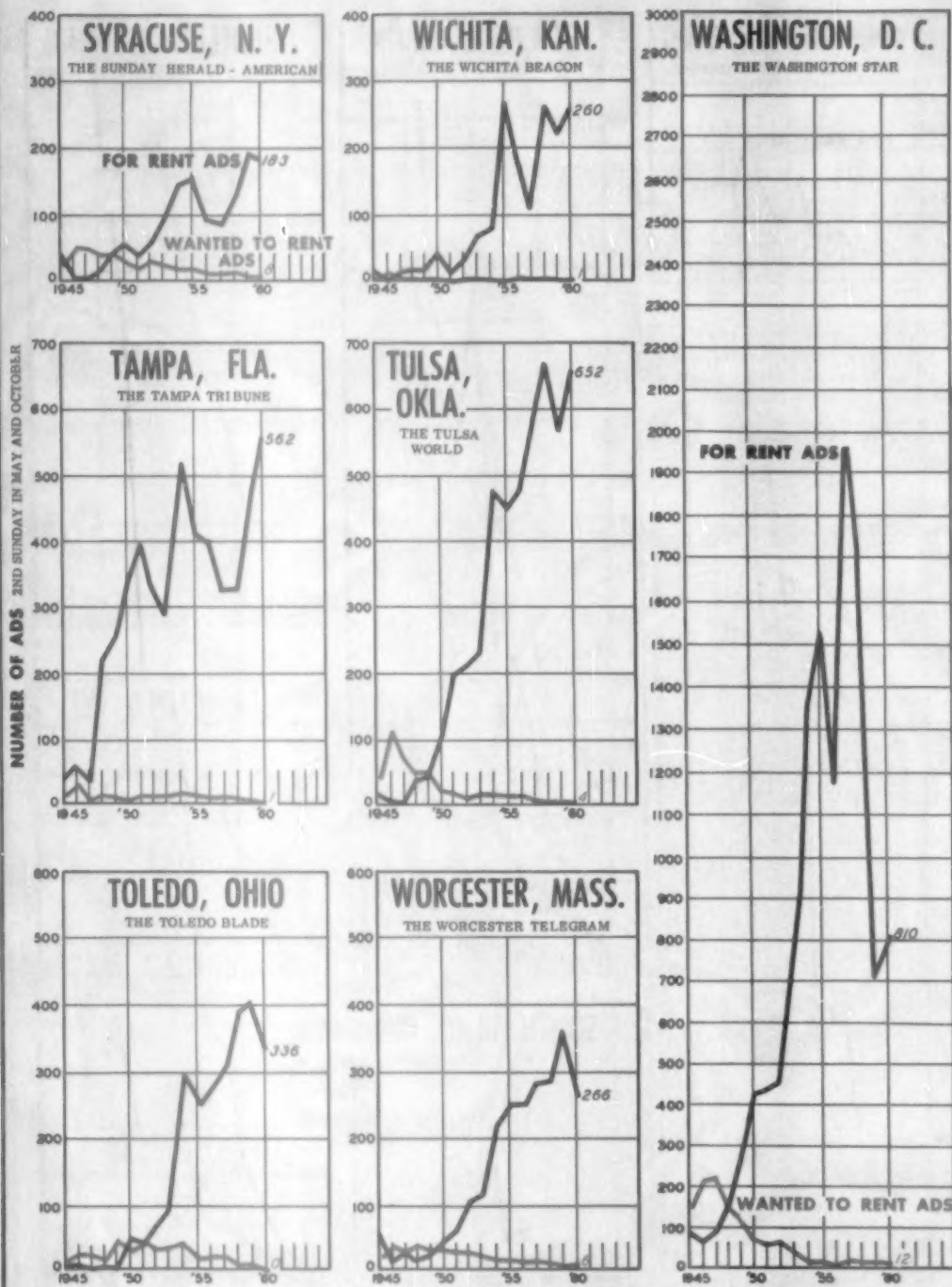
SUPPLY & DEMAND OF RENTAL HOUSING



SUPPLY & DEMAND OF RENTAL HOUSING

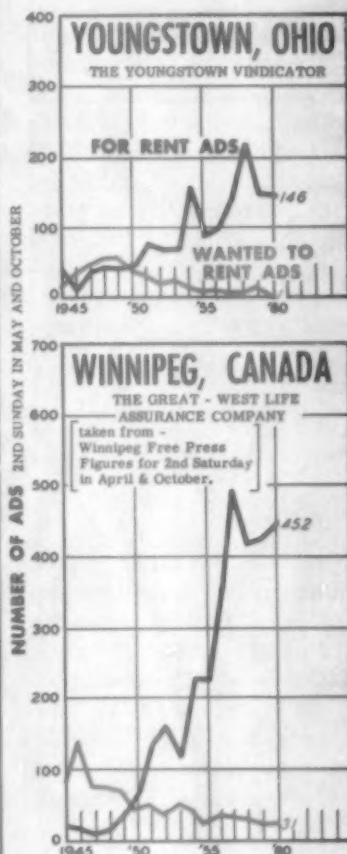


SUPPLY & DEMAND OF RENTAL HOUSING



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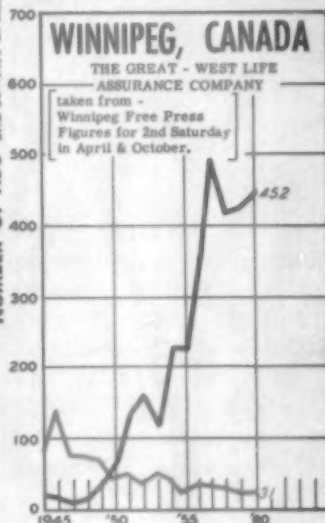
SUPPLY & DEMAND OF RENTAL HOUSING



WINNIPEG, CANADA

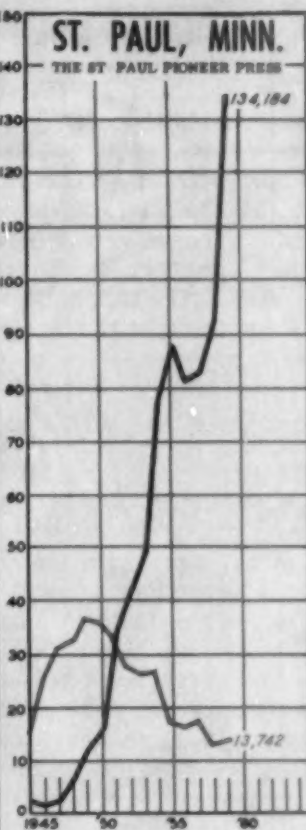
THE GREAT - WEST LIFE ASSURANCE COMPANY

taken from -
Winnipeg Free Press
Figures for 2nd Saturday
in April & October.



ST. PAUL, MINN.

THE ST. PAUL PIONEER PRESS

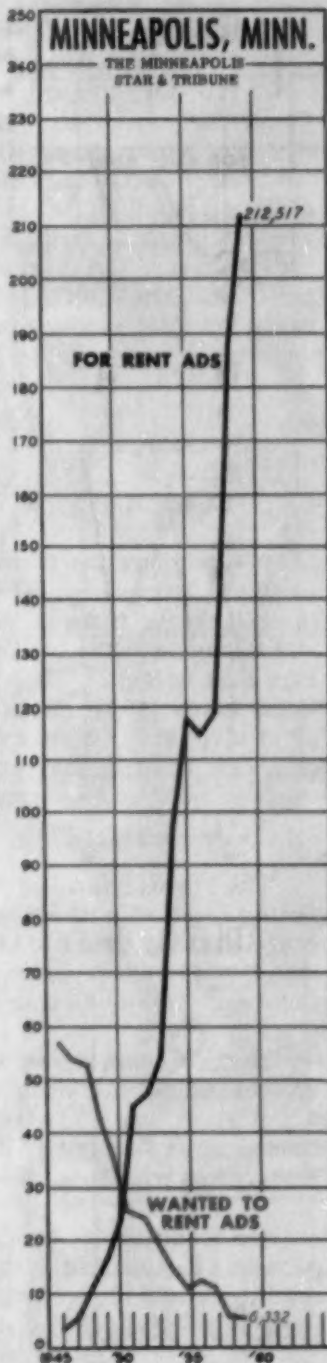


YEARLY TOTAL OF ADS IN THOUSANDS

Only for Minneapolis, Minn.,
and St. Paul, Minn.

MINNEAPOLIS, MINN.

THE MINNEAPOLIS STAR & TRIBUNE



OFFICE VACANCIES UNCHANGED

THE charts on the following pages show the vacancy rate for office space in 57 cities compared with the national average. In addition, the vacancy rate for competitive office space is charted with a dotted blue line. Competitive space is, "In any commercial office building, the net rentable office area which generally is considered by building owners and managers as potentially available to the open market." This is a more sensitive indicator of the supply of office space than the total vacancy rate. In many cities, however, there is very little difference between the two. This would be true of a steady market. A market in which there is new building may show an increasing spread between the two rates. The three cities with the largest spread between the total vacancy rate and the rate for competitive space are as follows:

| City | Vacancy Rate | Vacancy Rate on Competitive Space | Difference |
|-------------|--------------|--------------------------------------|------------|
| Pittsburgh | 10.52% | 15.93% | 5.41 |
| Tulsa | 13.13 | 18.35 | 5.22 |
| San Antonio | 2.09 | 7.11 | 5.02 |

In analyzing the trend in any one city a sharp change in the vacancy rate should be interpreted carefully in the light of local conditions. These data are taken from the biannual survey of the National Association of Building Owners and Managers. The one difficulty with them is that a different number of buildings may be represented in the survey each May and October. For example, in St. Louis, 18 buildings were surveyed in May 1959, 22 in October 1959, and 20 in May 1960. A sharp upturn in the vacancy rate may be due to the addition of a new building that has not reached full occupancy experience. The total vacancy rate ranged from .56 percent in Montreal to 17.91 percent in Fresno.

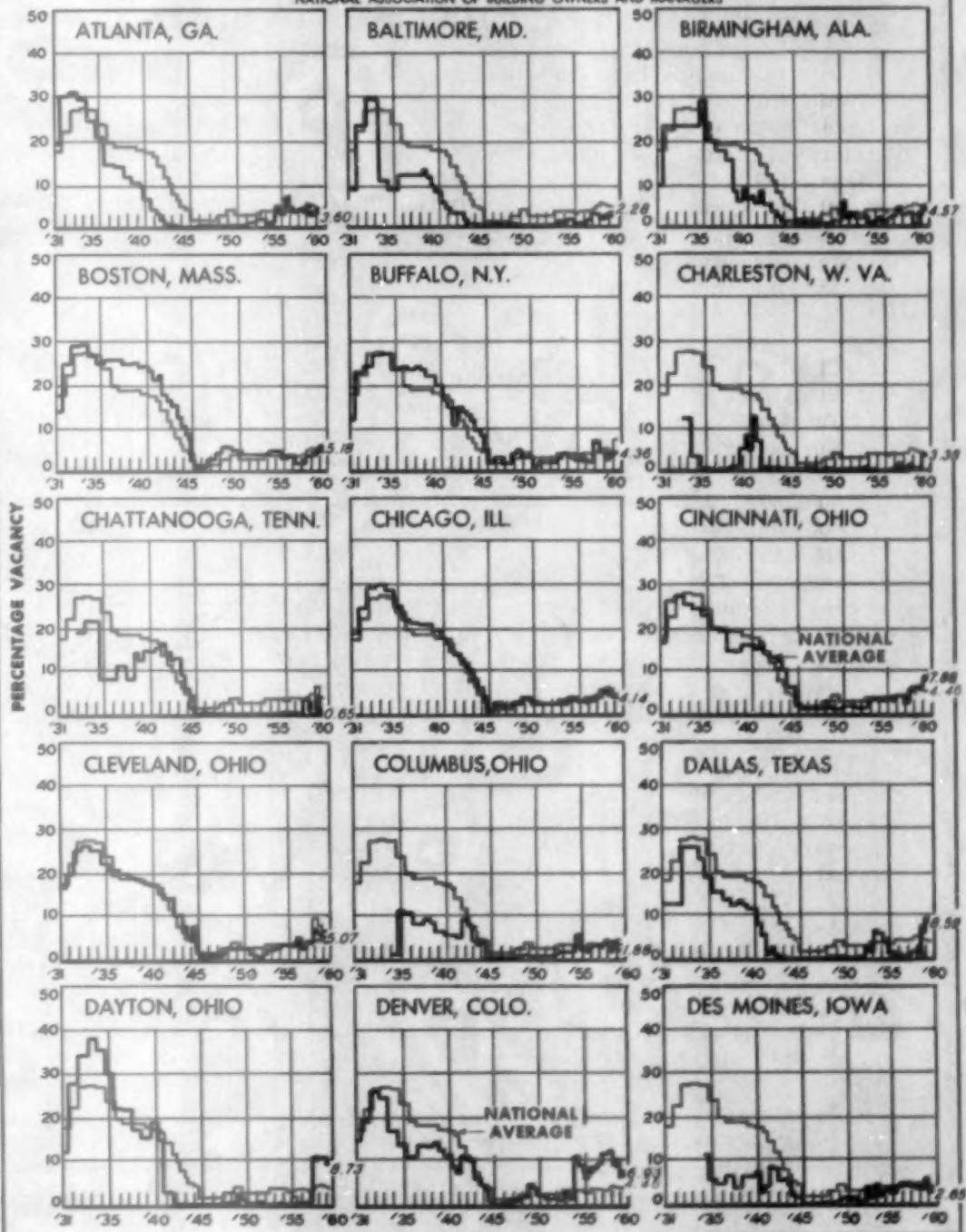
The average vacancy rate for all cities has decreased from 4.50 percent in October to 4.46 percent in May 1960. This is an insignificant change. The average vacancy rate for competitive space for all cities is just slightly higher than that for all reported space. It is 5.32 percent, up from 5.29 percent in October. This is also an insignificant change.

The continued strong demand for modern office space is shown by the higher vacancy rate for older buildings than for newer buildings. A vacancy rate of 6.4 percent was reported for 1,202 pre-1946 buildings, while 179 buildings opened after January 1, 1946, reported a vacancy rate of only 4.81 percent. Modernized buildings, 455, reported a vacancy rate of 5.17 percent.

Air conditioning, also, improved the vacancy rate. A vacancy rate of 4.80 percent was reported by 539 air conditioned buildings, while those without air conditioning, 519, reported a vacancy rate of 8.51 percent. Those with partial air conditioning reported a vacancy rate of 6.34 percent.

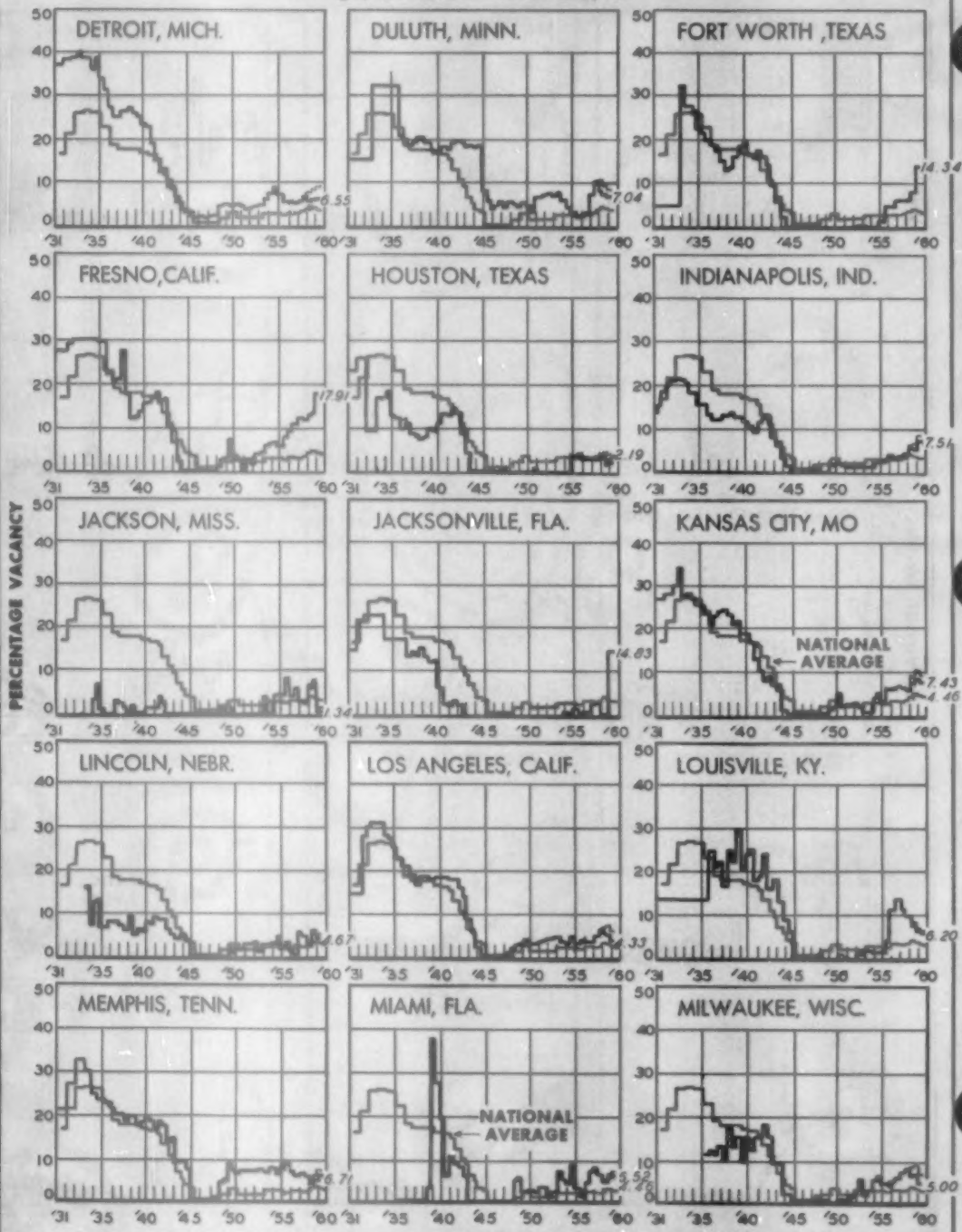
OFFICE BUILDING VACANCY IN PRINCIPAL CITIES

CHARTED BY ROY WENZLICK RESEARCH CORP. FROM DATA FURNISHED BY THE
NATIONAL ASSOCIATION OF BUILDING OWNERS AND MANAGERS



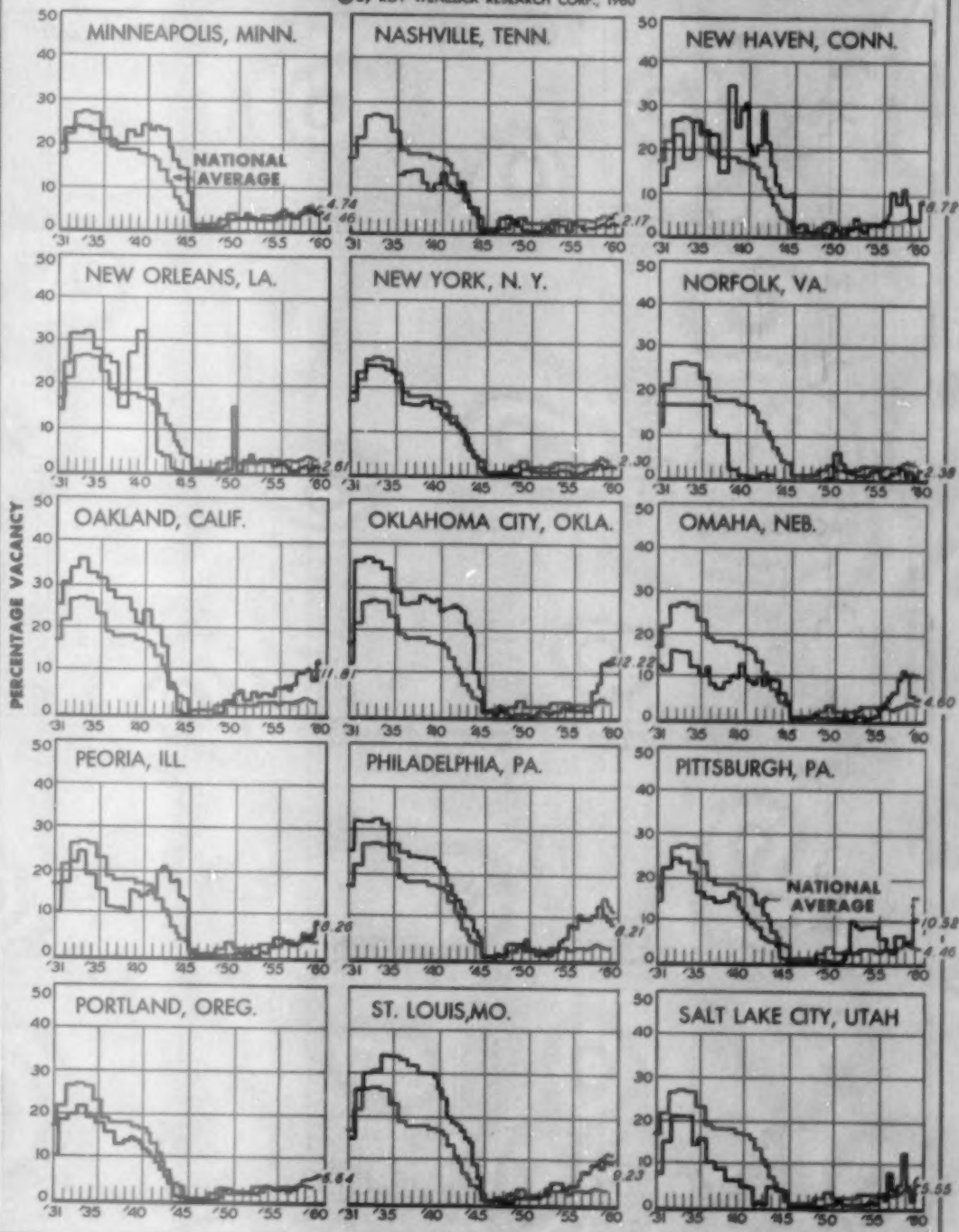
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